



## **STATEMENT ON DETERMINATION OF REMUNERATION TO EXECUTIVE DIRECTOR AND SENIOR MANAGEMENT**

The main principles for Next Biometrics Group ASA (the "**Company**") executive remuneration policy is that senior executives should be offered terms that are competitive when salary, benefits, bonus and pension plans are seen as a whole.

Determination of salary and other remuneration to senior executives for the present year will take place in accordance with the above principle.

The Company has in the period from 2005 until today had a long term share option scheme with an aim to incentivise employees and other key advisors. The board propose the following to optimize the efficiency and effect of the program:

- 1) The Company now wishes to ask all current employees, hired consultants and board members, with granted options from years before 2016, that expire 31 December 2018, not to exercise and sell the vested options before 31 December 2018. This in return for a 1-years extension of the expiry of the options, to 31 December 2019. In addition the option holder will only be able to exercise options in the exercise windows provided by the Company. The exercise windows will be linked to a short period after each quarterly reporting to simplify administration.
- 2) Furthermore also to optimize the efficiency and effect the Company recognizes the fact that the exercise prices for options granted in 2016 are high (NOK 187). The board proposes to offer these option holders a revised exercise price based on the average volume-weighted market price of the shares over the five last trading days prior to the agreed upon date of reduction in options. This to be offered against a 25 % reduction of the number of share options issued to the employees, hired consultants and board members for 2016.
- 3) The Company wishes to continue to offer the share option program and allow the board of directors to issue up to 330,000 new share options (equal to approx. 1.7 % of the Company's outstanding shares as of the general meeting) which each entitle the holder to subscribe for one new share in the Company. The share options vest over a period of three years from allocation. 1/3 of the share options shall vest one year after allotment, and then 1/3 for each additional year. The share options for the management team shall be subject to fulfilment of certain achievement based conditions. Employees granted options below management level shall not be subject to fulfilment of certain achievement based individual conditions. Vested but unexercised share options will expire without compensation to the holder six years after allotment. The exercise price of the share options shall be equal to the average volume-weighted market price of the shares over the five last trading days prior to the date of grant, plus 10%.
- 4) Furthermore the Board proposes that the total maximum historic accumulated number of options for employees, consultants and board members that any point of time may be granted, shall be limited to 10 (ten) per cent of the registered numbers of shares in the Company.

The CEO is entitled to retirement plans, medical, dental, and vision and life insurance coverage, as well as to free phone and home office. The other senior executives are members of the company's pension scheme and have free phone and home office.

As for severance payments, the CEO is entitled to a severance pay equal to 12 months' base salary if the employment is terminated by the Company without cause, if terminated by the CEO for certain reasons or if terminated by the CEO upon a change of control. In addition, the CFO is entitled to 9 months' severance pay if the employment is terminated by the Company. As a guideline, the Company shall not agree to severance payment for senior executives, unless this is necessary to ensure the Company the necessary expertise and that it otherwise takes place in accordance with the main principles of the Company's remuneration policy as stated initially.

Details of remuneration to the Company management in 2017 are presented in Note 4 to the Annual Financial. Remuneration of the Company's senior management for 2017 was made in accordance with the guidelines.